

2004 MICHIGAN SBT Reductions to Adjusted Tax Base

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

1. Name	2. Federal Employer ID Number (FEIN) or TR Number
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NOTE: Carry all percentages to six decimal places.
Short-Method filers complete lines 9 - 14 only.

PART 1: COMPENSATION REDUCTION

3. Total Compensation from C-8000, line 16	3. _____	.00
4. Tax base from C-8000, line 32	4. _____	.00
5. Divide line 3 by line 4 (maximum 100%)	5. _____	%
If line 5 is less than 63%, this reduction is not allowed.		
	—	63%
6. Subtract 63% from line 5 (maximum 37%)	6. _____	%
7. Adjusted tax base from C-8000, line 40	7. _____	.00
8. Reduction to adjusted tax base.		
Multiply line 6 by line 7.		
Complete Part 2 and the Worksheet in these instructions. Use the method that gives the greatest reduction		
	8. _____	.00

PART 2: GROSS RECEIPTS REDUCTION

Short-Method filers complete lines 9-14 only	9. Gross receipts from C-8000, line 10	9. _____	.00
	If taxable in another state, complete lines 10 and 11.		
	10. Enter percentage from C-8000H, line 16 or 19, whichever applies ...	10. _____	%
	11. Apportioned gross receipts. Multiply line 9 by line 10	11. _____	.00
	12. Recapture of capital acquisition deduction from C-8000D, line 19 ...	12. _____	.00
	Note: If gross proceeds reported on Form C-8000D are included in gross receipts on line 9, refer to the Notice to Single Business Tax Filers on page 75 to determine the adjusted amount to report on line 12.		
13. Adjusted gross receipts. Add line 9 or 11, whichever applies, and line 12	13. _____	.00	
14. Gross receipts limitation. Multiply line 13 by 50%	14. _____	.00	
Short-Method filers enter here and on C-8000, line 42 and indicate on C-8000, line 41 the Gross Receipts Reduction method.			

Complete lines 15 and 16 only after Parts 1 and 2 have been completed

15. Reduction to adjusted tax base. Subtract line 14 from line 7, then complete Part 3. If line 15 is less than zero, the gross receipts reduction is not allowed	15. _____	.00
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PART 3: SUMMARY

16. Complete the Worksheet in the instructions for this form. Enter results from the Worksheet here and on Form C-8000, line 41	16. _____	.00
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Instructions for Form C-8000S, Reductions to Adjusted Tax Base

Purpose: To allow filers to reduce adjusted tax base (ATB) by excess compensation or gross receipts.

If either of the following applies, taxpayers may reduce their ATB before figuring their tax.

- **Compensation Reduction:** Total compensation from Form C-8000, *SBT Annual Return*, line 16, comprises more than 63 percent of tax base.
- **Gross Receipts Reduction:** ATB from Form C-8000, line 40, is greater than 50 percent of gross receipts plus recapture of capital acquisition deduction (CAD).

① **Note:** Taxpayers taking a compensation reduction must also reduce their Investment Tax Credit (ITC). Any net recapture of capital investment is not reduced, and must be reported on Form C-8000ITC, *SBT Investment Tax Credit*. Taxpayers taking a gross receipts reduction are not eligible for an ITC.

① **Important:** For some taxpayers eligible for an ITC, it may be more advantageous not to take a reduction in their ATB and instead take a full ITC. Complete the Worksheet on this page to determine the most favorable method.

Carry all percentages to six decimal places. Do not round percentages. For example 24.154256 percent becomes 24.1542 percent (.241542).

Line-By-Line Instructions

Lines not listed are explained on the form.

Line 2, Account Number. Enter the same account number used on page 1 of the annual return.

PART 1: Compensation Reduction

Lines 3 - 8. Compute the percentage of the tax base that is attributable to compensation, then compute the amount by which the ATB can be reduced. If the tax base is made up of more than 63 percent compensation, a taxpayer may reduce the ATB by the percentage that is more than 63 percent. For example, if 70 percent of the tax base is made up of compensation, reduce ATB by 7 percent (70 - 63).

① **Note:** Taking a compensation reduction reduces the ITC. Thus, it may be more advantageous for some taxpayers not to take a compensation reduction and, instead, receive a full ITC. To determine if this situation applies to you, complete the Worksheet on this page.

PART 2: Gross Receipts Reduction

SHORT-METHOD Filers Complete Lines 9-14 Only.

The maximum SBT any filer pays is equal to the tax rate times one-half of adjusted gross receipts. Short-method filers should enter the amount from line 14 on Form

C-8000, line 42, and indicate the Gross Receipts Reduction method on line 41.

① **Note:** Adjusted gross receipts for this purpose means gross receipts, apportioned for companies doing business outside of Michigan, plus recapture of Capital Acquisition Deduction.

① **Important:** For further information about adjusted gross receipts, see Notice to Single Business Tax Filers, on page 75.

Lines 9-15. Compute 50 percent of the apportioned gross receipts plus recapture of the CAD. Reduce ATB by the amount that is in excess of this calculation.

① **Note:** Taking a gross receipts reduction prohibits taxpayers from claiming an ITC. Thus, for some taxpayers it may be more advantageous not to take a gross receipts reduction and claim an ITC. To determine if this situation applies to you, complete the Worksheet on this page.

PART 3: Summary

Line 16. Because of the interaction between different ATB reduction methods and the ITC calculation, it may be more advantageous for some taxpayers not to take a reduction in their ATB and take a full ITC. Complete the Worksheet on this page to determine which method provides the greatest reduction to your tax liability. Taxpayers may choose only one method to reduce their ATB. To claim a reduction, follow instructions on line 4 of the Worksheet.

Attach this schedule to the return.

Worksheet

Compensation Reduction Method

1. Amount from C-8000S, line 8
2. Multiply line 1 by 1.9% (.019)
3. Amount from C-8000ITC, line 31(if blank, enter zero)
4. Tax reduction for this method: Add lines 2 and 3

Gross Receipts Reduction Method

5. Amount from C-8000S, line 15
6. Tax reduction for this method: Multiply line 5 by .019

Straight Method

7. Amount from C-8000ITC, line 27. If not claiming an ITC, enter zero. This is your tax reduction for this method

Compare lines 4, 6 and 7.

- If line 4 is the greatest, enter amount from line 1 on Form C-8000S, line 16, and on Form C-8000, line 41. Check the "**Compensation Reduction**" box on Form C-8000, line 41.
- If line 6 is greatest, enter amount from line 5 on Form C-8000S, line 16, and on Form C-8000, line 41. Check the "**Gross Receipts Reduction**" box on Form C-8000, line 41.
- If line 7 is greatest, enter zero on Form C-8000S, line 16, and Form C-8000, line 41. **Do not** check any box on Form C-8000, line 41.